

RESOLUTION

2006-11

RESOLUTION URGING THE STATE LEGISLATORS TO NOT SUPPORT SENATE RESOLUTION 63 AND ASSEMBLY RESOLUTION 77 THAT WOULD IMPOSE CONSTITUTIONAL BUDGETARY LIMITATIONS ON LOCAL MUNICIPALITIES.

WHEREAS, joint resolutions have been submitted to both the State Assembly and State Senate, as SJR 63 and AJR 77, proposing a state constitutional amendment to limit government spending commonly referred to as the Taxpayers Protection Amendment, and

WHEREAS, the amendment would limit the ability of the Village of Sturtevant to increase all forms of revenue using a formula based on a rate of inflation and growth, and

WHEREAS, the cost to provide municipal services, including construction, is increasing at a rate greater than inflation, and

WHEREAS, the amendment fails to provide means for municipalities to control the rate of growth of their expenses which are driven by state mandates, employee wages controlled by the state's arbitration laws, and out of control health insurance costs, and

WHEREAS, municipalities do not have the tools available to "grow" at a rate that meets the increasing costs of providing municipal services especially if only 60% of new growth can be captured for the benefit of the community, and

WHEREAS, any limiting formula that uses an inflation plus growth basis is flawed and is not sustainable as witnessed by the most recent experiences in the state of Colorado, and

WHEREAS, the revenue limits would result in reduced public services caused by a continuous and never ending reduction in revenue that will require that the level and quality of services be reduced, and

WHEREAS, the amendment would seriously jeopardize Sturtevant's future economic growth because:

- 1.) Debt Payments for General Obligation Debt currently are backed by an unconditional pledge of property taxes. This change would mean that instead of an unconditional pledge it would become a limited pledge, thereby increasing the cost of debt due to the fact it is less secure for investors.
- 2.) Debt Payments for Revenue Bonds also rely on annual appropriation pledges from the municipality to make up any shortfall in utility revenues. Levy limits, unless they exclude these types of appropriations would subject the appropriation to the same "cap" as all other expenses thereby making it necessary to choose between paying for police and fire fighters or making debt payments.

- 3.) Credit ratings on the whole for municipal debt in Wisconsin would likely be put under pressure for downgrades due to the limitation on levies, thereby increasing costs of interest.
- 4.) Limitations of levies without excluding debt payments and levies for economic development / TIF purposes will have a devastating effect on the ability of the Village of Sturtevant to foster economic development.

WHEREAS, the revenue limits would substantially reduce the ability of governments at the local level to control services and development for the citizens that they serve, and

WHEREAS, municipalities that are particularly frugal and efficient in providing services, such as the Village of Sturtevant, will find it the most difficult to maintain existing levels of public services, including police and fire protection, as they have no inefficiencies or low-priority public services to eliminate.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Village of Sturtevant hereby strongly expresses its opposition to the proposal for a constitutional amendment to place further fiscal restrictions on local units of government in Wisconsin and urges all state legislators to oppose SJR 63 and AJR 77.

BE IT FURTHER RESOLVED, that the Legislature is encouraged to undertake initiatives that would assist municipalities and remove impediments to the provision of public services in an efficient and cost effective manner - in lieu of enacting further artificial, non-sustainable, state mandated restrictions and limitations.

BE IT FURTHER RESOLVED, that the Village Clerk is hereby directed to forward copies of this resolution to all the state legislators, the Governor, and the League of Wisconsin Municipalities.

Adopted by the Village Board of the Village of Sturtevant, Racine County, Wisconsin, this 7th day of March, 2006.

Village of Sturtevant

By _____
Steven Jansen, President

Attest _____
Donna Deuster, Village Clerk